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Report Highlights:

New Tax Benefits for Investment Projects in the Russian Far East... U.S. Investors Are Interested in Investing in New Special Economic Zones in Primorye... Russian Deputy Prime Minister Supports Building Grain Corridor in Far East... North Korea Suggests Moving Consulate to Vladivostok... Nomura to Plan Fishery Facility for Russian Far East ... South Korea and Russia Sign MOU on Developing Ports in Russian Far East... Authorities in Russian Far East Plan Construction of New Dams...Primorye Should Consume More Locally Produced Items in the Short Run.

General Information:

Welcome to the Russian Far East Agricultural Policy and Situation Weekly Update, a summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within Russia, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

New Tax Benefits Announced for Investment Projects in the Russian Far East

Companies that carry out qualifying investment projects in the RFE enjoy tax benefits under a new Federal Law "On the Introduction of Amendments to Parts One and Two of the Tax Code of the Russian Federation related to the Stimulation of Investment Projects on the Territory of the Far East Federal District and Certain Other Regions of the Russian Federation" No. 267-FZ, dated September 30, 2013 that went into force on January 1, 2014 (the Law). The Law introduces tax benefits for companies carrying investment projects in the regions of the RFE and some of the regions of Eastern Siberia. The Law clearly aims to implement the commitment announced by President Putin to make the development of the RFE a Russian national priority for the 21st century.

<http://www.jdsupra.com/legalnews/new-tax-benefits-for-investment-projects-32027/>

U.S. Investors Are Interested in Investing in New Special Economic Zones in Primorye.

On January 21, 2014, Governor of the Primorsky Territory Vladimir Miklushevskiy discussed prospects for cooperation with new U.S. Consul General in Vladivostok Erik Anders Holm-Olsen. The Head of the region noticed that the Primorsky Territory and the United States of America have a great potential for development of bilateral relations. "Western U.S. states in America are the closest to us and contacts with such states are already established. We have a very big potential for increasing cooperation. So it has to be unlocked and used to the maximum." Vladimir Miklushevskiy underlined that Russia's leadership pays great attention to the Far East. "In his address to the Federal Assembly, President of the Russian Federation Vladimir Putin dwelled on a question of advanced economic growth zones creation. The main goal is to create zones with business environment competitive with China, Japan and Korea.

Erik Anders Holm-Olsen agreed that the Territory and the United States have a lot of possibilities for cooperation. The Consul General has already evaluated the potential of Primorye throughout his residence here. "It is undoubted that our country has a mind to invest in new economic zones" – underlined the diplomat. .

<http://miklushevskiy.com/news/2786.html>

Russian Deputy Prime Minister Supports Building Grain Corridor in Russian Far East.

Deputy Prime Minister Arkady Dvorkovich supports the idea of creating a Far Eastern grain corridor with the project already being discussed by Russian companies with foreign investors. "I think that the prospect of setting up such a corridor is a good one. On the whole, we have good grain exports prospects given our agriculture development plans," Dvorkovich said at a news conference. He said that Russian grain exports may double in the near future. "Part of these additional volumes may be supplied

to the Asia-Pacific markets so it is important that we create additional logistical capacities. Some companies, including the United Grain Company (UGC), are interested in an active development of these plans. Talks with foreign investors, including Japanese investors, are well under way. I think that these ideas are realistic,” Dvorkovich said. UGC jointly with Dalport, an affiliate of multi-industry holding Summa Group, plans to build a large terminal to store grain at the port of Zarubino in Russia’s Far East. The 7 billion Rubles terminal with a capacity of 10 million metric tons is supposed to supply grain to the Asia-Pacific region.

http://www.1prime.biz/news/ Russian_deputy_PM_supports_building_grain_corridor_in_Far_East/0/%7BECB621DE-445C-4A93-9074-53A751575F38%7D.uif

North Korea Suggests Moving Consulate to Vladivostok.

A North Korean delegation, en route to Sochi for the Olympics, stopped in Vladivostok in order to exchange greetings with the Primorye leadership. Primorye Governor Vladimir Miklushevskiy met with the North Korean delegation, headed by the Chairman of the Supreme Assembly Kim Yong Nam, in the Vladivostok airport on February 4th. Kim Yong Nam said he was confident that cultural exchanges and economic contacts between North Korea and Russia will continue because both sides are serious about developing their bilateral relations. During the meeting Governor Miklushevskiy and Kim Yong Nam discussed the potential opportunities for Russian/North Korean relations in the Primorskiy region. They discussed opportunities for cooperation in culture, education, economics and tourism. Kim proposed moving the Consulate General of North Korea from Nakhodka to Vladivostok. Vladimir Miklushevskiy supported this initiative to relocate the consulate to Vladivostok.

<http://deita.ru/news/politics/05.02.2014/4645815-primorskie-vlasti-vstretilis-so-vtorym-chelovekom-v-kndr/>

Nomura to Plan Fishery Facility for Russian Far East.

Akira Iwata, head of the Moscow branch of Japan's Nomura Research Institute Ltd., signed a contract for developing a large-scale fishery processing facility to service the Russian Far East which will be based in Vladivostok, Russia.

<http://english.kyodonews.jp/photos/2014/02/269685.html>

South Korea and Russia Sign MOU on Developing Ports in Russian Far East.

South Korea and Russia have agreed to work together on developing dilapidated ports in the RFE. South Korea’s Minister of Oceans and Fisheries Yoon Jin-Sook and Russia’s Minister of Transport Maxim Sokolov signed a memorandum of understanding on boosting such cooperation in Moscow in January 2014. With the deal, South Korea will devise master plans through the end of 2015 and carry out feasibility studies to modernize and develop five ports in the RFE.

http://english.kbs.co.kr/news/news_view.html?No=100442&id=Po

Authorities in the Russian Far East Plan Construction of New Dams.

Authorities in the Khabarovsk territory in Russia’s Far East plan to build new high-capacity dams over the next five or six years to combat flooding similar to that which hit the region last year. The RFE was hit last summer by the worst flooding to hit the region over the past 120 years. Tens of thousands were evacuated and more than 100 thousand were affected. Russia’s Natural Resources Minister Sergey Donskoi estimated the cost of damages from the spill of the Amur river at more than 25 billion Rubles (some US \$750 million). The press service said the construction project would cost about 15 billion Rubles (US \$450 million) and that Khabarovsk Governor Vyacheslav Shport had already approved the

program of the project's feasibility study. Most of the new dams are planned to be built on the Amur river, where water level peaked at more than 8.1 meters (26.5 feet) last September. This year, the territory's authorities plan to carry out research works for the future building of the dams, while actual construction is scheduled to start in 2015.

http://indrus.in/news/2014/01/17/russias_far_east_authorities_plan_construction_of_new_dams_32369.html

Primorye Should Consume More Locally Produced Items in the Short Run.

Governor of the Primorsky Territory Vladimir Miklushevskiy affirmed that the authorities are planning to promote "Made in Primorye" brand in the frames of the program for agricultural development of the region. "It is important that our people eat vegetables, dairy products, fruits made exactly in Primorye. People are really interested in it and our goal is to change over to local production as soon as it possible" - Vladimir Miklushevskiy underlined. We remind that "Made in Primorye" brand, according to the initiative of the Governor, will be included in the strategy of agricultural production investment development of the Territory. According to the project of region investment development the Primorsky Territory conditionally divided into three large areas differ in degree and level of development. The first, the largest, includes 35 per cent of total region territory and accumulates 86 per cent of tillable lands. There all directions of agricultural activity with a focus on grain, soy, potato and vegetable production will be developed. On the territory of the second and the third area will be developed dairy and beef cattle breeding enterprises, consumer co-operation networks and small business patterns including rural tourism.

<http://miklushevskiy.com/news/2878.html>